

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

April 21, 2010

MOTOR CARRIER MATTER

☐

DOCKET NO.

2010-2-E

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2010-2-E - Annual Review of Base Rates for Fuel Costs of South Carolina Electric & Gas Company – Discuss this Matter with the Commission.

COMMISSION ACTION:

Move that we find as follows:

1. Hold that the fuel purchasing practices, plant operations, and fuel inventory management of SCE&G are prudent for the period January through December, 2009;
2. Accept and approve as reasonable and in the public interest the Settlement Agreement submitted by the parties and testified to by the witnesses;
3. Find that the Company's recommendation to apply part of the balance of its net deferred EIZ Tax Credit accounts to reduce its fuel costs in this proceeding is reasonable and prudent. Approve the application of a credit as testified to by Company Witness Haselden and as recommended by the Settling Parties in the Settlement Agreement to reduce the accumulated undercollected balance of fuel costs in this proceeding by \$17,388,364.
4. Order that SCE&G set its fuel components as follows: A base fuel component of 3.610 cents/ kWh for all classes; and application to the base component of the following environmental components by class:
 - a. For the Residential class, a reduction of 0.004 cents/kWh;
 - b. For the Small General Service class, an addition of 0.002 cents/kWh;
 - c. For the Medium General Service class, an addition of 0.001 cents/kWh; and
 - d. For the Large General Service class, an addition of 0.003 cents/kWh.

(These factors will be applicable beginning with the first billing cycle in May 2010 extending through the last billing cycle of April 2011.)

5. Hold that the first dollars recovered in the succeeding twelve months beginning with the first billing cycle for May 2010 shall be applied to the under-recovery so that in the next fuel proceeding for SCE&G any under-recovery will be for the period for May 1, 2010 through April 30, 2011;
6. Approve deferral of recovery of the actual under-collected base fuel costs as of April 30, 2010 for the period of May 1, 2010 through April 30, 2011, and approve the charging and recovery of carrying costs monthly on the actual base fuel costs under-collected balance as of the end of each month during the period of May 1, 2010 through April 30, 2011. Approve the method of operation of the deferral of the under-recovery and its applicable carrying costs as agreed to by the parties;
7. Approve the applicable interest rate used to calculate the carrying costs under this Settlement

Agreement to be the rate of interest as of the first day of each month during the applicable period for 3-year U.S. Government Treasury Notes, as reported in the *Wall Street Journal*, either in its print edition or on its website, plus an all-in spread of 65 basis points. The applicable period during which carrying costs may be applied pursuant to the Settlement Agreement begins May 1, 2010 and ends April 30, 2012, or when the under-recovery is eliminated, whichever is earlier. The total carrying cost rate to include the 65 basis points shall not exceed 6%;

8. Hold that SCE&G shall apply any money received from litigation, arbitration, or negotiated settlements with coal suppliers where the dispute is for non-deliveries, defaults or other similar non-performance issues or for other matters related to or associated with S.C. Code Ann. Section 58-27-865 to reduce the fuel costs account. The Company shall provide quarterly reports to the parties showing the Company's efforts to seek compensation for non-deliveries, defaults, or other similar non-performance;

9. Hold that the Company performed a coal hedging feasibility analysis and presented its report to the Commission and, therefore, has fulfilled its obligations in this regard which were set forth in the Settlement Agreement entered in Docket No. 2009-2-E and approved by the Commission in Order No. 2009-289, and that, based upon this analysis, SCE&G should not implement a financial coal hedging program at this time;

10. Approve all accounting adjustments and recommendations proposed by ORS witnesses Lawyer and Seaman-Huynh, except that the \$476,128 adjustment set forth in ORS witness Lawyer's direct testimony will be booked as a credit to the fuel expense account which equates to \$439,659 on a retail basis.

11. Order SCE&G to continue all current filing, reporting and notice requirements as discussed in the Settlement Agreement and the applicable statutes and regulations, and,

12. Order the parties to abide by all terms and conditions of the Settlement Agreement.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

